

Message Text

LIMITED OFFICIAL USE

PAGE 01 ADDIS 03614 171447Z
ACTION AF-10

INFO OCT-01 ISO-00 EUR-12 IO-13 EB-08 AID-05 TRSE-00
OMB-01 CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03
NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 /103 W
-----122304 181445Z /64
R 171345Z AUG 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 9432
INFO AMEMBASSY ROME

LIMITED OFFICIAL USE ADDIS ABABA 3614

E.O. 11652: N/A
TAGS: EFIN, EAID, ET, IT
SUBJECT: DEBT ISSUES HINDER ITALIAN-ETHIOPIAN TECHNICAL
COOPERATION

REF: ADDIS ABABA 2976

SUMMARY: ALTHOUGH SOME PROGRESS IS BEING MADE IN
IMPLEMENTING NEW ITALIAN-ETHIOPIAN TECHNICAL
COOPERATION AGREEMENT, ITALIAN EMBASSY OFFICER
CLAIMED TWO DEBTS OWED BY THE PMGSE ARE A HINDERANCE.
ONE CLAIM, TAKEN OVER BY GOI, AMOUNTS TO FIVE
BILLION LIRA (US\$6 MILLION); ANOTHER CLAIM IS BY
PRIVATE ITALIAN FIRM FOR 12 MILLION BIRR
(US\$6 MILLION. REPAYMENT OF BOTH IS CURRENTLY
BEING NEGOTIATED. END SUMMARY.

1. ON AUGUST 16 ITALIAN CHARGE CONFIDED TO EMBASSY
OFFICER THAT EFFORTS TO IMPLEMENT NEW ITALIAN-
ETHIOPIAN TECHNICAL COOPERATION AGREEMENT CONTINUE
TO BE HAMPERED BY TWO LARGE DEBTS OWED BY THE PMGSE.
THE FIRST DEBT RESULTS FROM THE CONSTRUCTION
OF A DAM BY AN ITALIAN FIRM. THE FIRM WAS AWARDED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ADDIS 03614 171447Z

JUDGMENT OF 5 BILLION ITALIAN LIRA BY THE ICJ
AND THE AMOUNT WAS PAID BY THE ITALIAN EQUIVALENT
OF EXIM BANK, WHICH HAD INSURED THE ITALIAN FIRM.
CONSEQUENTLY THE GOI TOOK OVER THE CLAIM
AGAINST THE PMGSE. AN ETHIOPIAN DELEGATION IS
SOON TO VISIT ROME TO DISCUSS THE MATTER. WHILE THE
PMGSE RECOGNIZES THE VALIDITY OF THE DEBT, IT

SEEKS TO RENEGOTIATE THE PAYMENT SCHEDULE.

2. THE SECOND DEBT INVOLVES AN ITALIAN ROAD CONSTRUCTION FIRM WHICH IS OWED BY THE PMGSE. ALTHOUGH THE ITALIAN FIRM ALREADY HAS AGREED TO REDUCE THE PMGSE DEBT FROM 12 TO 6 MILLION BIRR (US\$6-3 MILLION), NEGOTIATIONS BETWEEN THE FIRM AND THE PMGSE ARE CONTINUING.

3. THE GOI AND THE PMGSE RECENTLY AGREED TO SIGN A PROTOCOL UNDER WHICH FOUR ITALIAN GEOLOGY TEACHERS WILL BE ASSIGNED TO THE ADDIS ABABA UNIVERSITY. MORE SIGNIFICANT COOPERATIVE VENTURES HAVE BEEN SLOWED WHILE THESE TWO DEBTS ARE UNDER NEGOTIATION.

COMMENT: PMGSE EFFORTS TO RENEGOTIATE AND/OR REDUCE DEBT PAYMENTS UNDERLINE TIGHT FOREIGN EXCHANGE SITUATION. CONTINUING PMGSE STEPS TO EMPLOY FREE WORLD TEACHERS AT THE UNIVERSITY OF ADDIS ABABA IS ENCOURAGING. GIVEN THE EXPECTED INCREASE IN ENROLLMENT NEXT SCHOOL YEAR (UP 4,000 TO 10,000) A LARGE NUMBER OF NEW TEACHERS ARE NEEDED, AND THE PMGSE HAS BEEN ACTIVELY SEEKING THESE FROM ABROAD, IN BOTH THE WEST AND THE EASTERN BLOC.
CHAPIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, TECHNICAL ASSISTANCE, DEBTS, COMMUNIQUE
Control Number: n/a
Copy: SINGLE
Draft Date: 17 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ADDIS03614
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780338-0426
Format: TEL
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780851/aaaabqfc.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 53067061-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ADDIS ABABA 2976
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1703301
Secure: OPEN
Status: NATIVE
Subject: DEBT ISSUES HINDER ITALIAN-ETHIOPIAN TECHNICAL COOPERATION
TAGS: EFIN, EAID, ET, IT
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/53067061-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014